

**Summary of Consolidated Financial Results**  
for the Six Months Ended June 30, 2023 (Japanese GAAP)

August 10, 2023

Company name: V-cube, Inc.

Securities code: 3681

Stock exchange listings: The Prime Market of the Tokyo Stock Exchange

URL: (Japanese) <http://jp.vcube.com/> (English) <http://www.vcube.com/>

Quarterly statement filing date (as planned): August 10, 2023

1. Results of the Second quarter ended June 30, 2023

(millions of Yen, except per share amounts)

(1) Consolidated quarterly operating results:

	Net sales		Adjusted EBITDA		Adjusted Operating profit		Operating profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
Jun. 30, 2023	5,751	-13.0	794	-37.4	309	-62.9	117	-82.6
Jun. 30, 2022	6,610	9.7	1,270	-17.9	832	-22.2	673	-34.1

Note: Comprehensive income For Six months ended Jun. 30, 2023: ¥677 million [-58.5%]

For Six months ended Jun. 30, 2022: ¥1,633 million [-74.2%]

	Ordinary profit		Profit attributable to owners of parent		Basic earnings per share	Diluted earnings per share
	Millions of yen	%	Millions of yen	%	Yen	Yen
Six months ended						
Jun. 30, 2023	91	-85.6	4	-99.2	0.18	0.18
Jun. 30, 2022	633	-32.5	519	-42.9	21.42	21.12

(2) Consolidated financial position:

	Total assets		Net assets		Capital adequacy ratio	Net assets per share
	Millions of yen		Millions of yen		%	Yen
As of						
Jun. 30, 2023	18,352		6,575		35.2	266.21
Dec. 31, 2022	16,891		5,989		34.9	243.12

Reference: Owner's equity As of Jun. 30, 2023: ¥6,461 million

As of Dec. 31, 2022: ¥5,900 million

2. Dividends

	Annual dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Dec. 31, 2022	-	0.00	-	4.00	4.00
Fiscal year ended Dec. 31, 2023	-	0.00			
Fiscal year ending Dec. 31, 2023 (Forecast)			-	0.00	0.00

Note: Revisions to the forecast of cash dividends most recently announced: Yes

3. Consolidated forecasts

(millions of Yen, except per share amounts)

	Net sales		Adjusted EBITDA		Adjusted Operating profit		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Fiscal year ended Dec. 31, 2023	11,500	-6.0	1,570	-19.3	475	-53.7	100	-85.2	10	-98.4	-	-	-

Note: Revisions to the forecasts most recently announced: Yes

4.Others

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None

(2) Adoption of accounting treatment specific to the preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policies, changes in accounting estimates, and restatement

(i) Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

(ii) Changes in accounting policies due to other reasons: None

(iii) Changes in accounting estimates: None

(iv) Restatement: None

(4) Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares at the period end (including treasury stock)

As of December 31, 2022	24,737,400 shares	As of June 30, 2023	24,737,400 shares
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(ii) Number of treasury stock at the end of fiscal year

As of December 31, 2022	466,472 shares	As of June 30, 2023	466,472 shares
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(iii) Average number of shares (quarterly period-YTD)

Six months ended June 30, 2022	24,270,957 shares	Six months ended June 30, 2023	24,270,928 shares
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\* Quarterly financial results reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

\* Explanation related to appropriate use of results forecasts and other items warranting special mention

The above forecasts are based on the information available as of the date of the release of this document. As a result, a variety of factors in the future may cause actual results to differ from these forecasts.

Consolidated Financial Statements  
(1) Consolidated Balance Sheet

(Thousands of yen)

	As of December 31, 2022	As of June 30, 2023
<b>Assets</b>		
Current assets		
Cash and deposits	1,699,697	1,914,060
Notes and accounts receivable - trade	1,737,481	1,729,992
Advance payments to suppliers	1,200	—
Other	701,493	787,044
Allowance for doubtful accounts	△17,761	△7,279
Total current assets	4,122,111	4,423,818
Non-current assets		
Property, plant and equipment		
Intangible assets		
Software	1,895,581	2,294,434
Software in progress	1,127,471	1,352,176
Goodwill	4,071,947	4,363,196
Total intangible assets	7,095,000	8,009,806
Investments and other assets		
Investment securities	416,372	585,689
Shares of subsidiaries and associates	337,466	405,984
Leasehold and guarantee deposits	340,928	333,448
Long-term loans receivable	33,175	36,247
Deferred tax assets	1,875,064	1,897,922
Long-term prepaid expenses	58,889	66,104
Other	566,609	572,066
Allowance for doubtful accounts	△999	△999
Total investments and other assets	3,627,505	3,896,463
Total non-current assets	12,769,752	13,928,724
Total assets	16,891,863	18,352,543

(Thousands of yen)

As of December 31, 2022

As of June 30, 2023

Liabilities		
Current liabilities		
Accounts payable - trade	494,496	389,181
Short-term borrowings	2,627,160	3,875,998
Current portion of long-term borrowings	3,998,600	4,038,600
Contract liabilities	922,951	1,071,817
Provision for bonuses	91,824	115,542
Income taxes payable	75,007	36,050
Other	1,114,427	937,784
Total current liabilities	9,324,467	10,464,974
Non-current liabilities		
Long-term borrowings	953,000	758,200
Lease liabilities	310,631	244,350
Asset retirement obligations	296,136	289,809
Other	18,098	19,841
Total non-current liabilities	1,577,866	1,312,202
Total liabilities	10,902,333	11,777,176
Net assets		
Shareholders' equity		
Share capital	92,190	92,190
Capital surplus	2,831,834	2,831,834
Retained earnings	2,500,230	2,407,540
Treasury shares	△794,791	△794,791
Total shareholders' equity	4,629,464	4,536,774
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,826	82,493
Foreign currency translation adjustment	1,218,365	1,841,975
Total accumulated other comprehensive income	1,271,192	1,924,469
Share acquisition rights	2,160	8,410
Non-controlling interests	86,713	105,713
Total net assets	5,989,529	6,575,367
Total liabilities and net assets	16,891,863	18,352,543

(2) Consolidated Statement of Income and Comprehensive Income  
(Consolidated Statement of Income)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Net sales	6,610,479	5,751,389
Cost of sales	3,524,978	3,158,890
Gross profit	3,085,501	2,592,498
Selling, general and administrative expenses	2,412,279	2,475,185
Operating profit	673,221	117,313
Non-operating income		
Interest income	1,702	1,525
Insurance claim income	1,670	1,421
Foreign exchange gains	—	5,533
Subsidy income	5,536	1,671
Gain on valuation of investment securities	—	15,353
Other	2,257	1,654
Total non-operating income	11,167	27,160
Non-operating expenses		
Interest expenses	22,578	23,207
Foreign exchange losses	13,101	—
Commission expenses	229	748
Loss on valuation of investment securities	—	18,592
Rents-NOE	2,984	—
Share of loss of entities accounted for using equity method	11,610	5,463
Other	242	5,451
Total non-operating expenses	50,746	53,463
Ordinary profit	633,642	91,009
Extraordinary income		
Settlement income	—	10,000
Total extraordinary income	—	10,000
Extraordinary losses		
Loss on retirement of non-current assets	759	4,200
Loss on cancellation of leases	8,564	4,238
Settlement payments	7,510	18,852
Office relocation expenses	—	10,115
Loss on business restructuring	—	7,298
Other	630	—
Total extraordinary losses	17,464	44,705
Profit before income taxes	616,177	56,304
Income taxes - current	35,248	△13,449
Income taxes - deferred	35,378	45,477
Total income taxes	70,626	32,027
Profit	545,550	24,276
Profit attributable to non-controlling interests	25,731	19,883
Profit attributable to owners of parent	519,818	4,393

(Consolidated Statement of Comprehensive Income)

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
Profit	545,550	24,276
Other comprehensive income		
Valuation difference on available-for-sale securities	41,270	29,667
Foreign currency translation adjustment	1,046,417	623,609
Total other comprehensive income	1,087,687	653,277
Comprehensive income	1,633,238	677,554
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,608,995	658,554
Comprehensive income attributable to non-controlling interests	24,242	19,000

## (3) Consolidated Statements of Cash flows

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
<b>Cash flows from operating activities</b>		
Profit before income taxes	616,177	56,304
Depreciation	437,818	485,549
Amortization of goodwill	156,230	178,796
Share of loss (profit) of entities accounted for using equity method	11,610	5,463
Loss (gain) on valuation of investment securities	—	3,239
Increase (decrease) in allowance for doubtful accounts	20,802	△10,481
Increase (decrease) in provision for bonuses	△20,047	16,923
Interest and dividend income	△1,702	△1,525
Interest expenses	22,578	23,207
Foreign exchange losses (gains)	13,101	△5,533
Decrease (increase) in trade receivables	△137,176	54,096
Decrease (increase) in advance payments to suppliers	606	1,200
Increase (decrease) in trade payables	△191,642	△109,167
Increase (decrease) in advances received	120,575	139,674
Decrease (increase) in prepaid expenses	△186,221	△33,008
Increase (decrease) in accrued consumption taxes	69,056	△91,270
Other, net	195,113	181,071
<b>Subtotal</b>	<b>1,126,879</b>	<b>894,541</b>
Interest and dividends received	2,818	1,387
Interest paid	△22,711	△23,363
Income taxes paid	△43,461	△64,835
<b>Net cash provided by (used in) operating activities</b>	<b>1,063,525</b>	<b>807,729</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	△220,913	△187,945
Purchase of intangible assets	△732,918	△902,533
Purchase of shares of subsidiaries and associates	△50,000	△70,000
Purchase of investment securities	△23,481	△148,080
Payments of leasehold and guarantee deposits	△45,888	△65
Payments for acquisition of businesses	—	△130,000
Other, net	△16,920	△9,297
<b>Net cash provided by (used in) investing activities</b>	<b>△1,090,123</b>	<b>△1,447,922</b>

(Thousands of yen)

	Six months ended June 30, 2022	Six months ended June 30, 2023
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	1,399,977	1,248,838
Proceeds from long-term borrowings	—	230,000
Repayments of long-term borrowings	△291,920	△384,800
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	—	△121,329
Proceeds from issuance of share acquisition rights	—	6,250
Dividends paid	△190,988	△95,973
Repayments of lease liabilities	△87,285	△83,261
Net cash provided by (used in) financing activities	829,782	799,723
Effect of exchange rate change on cash and cash equivalents	136,514	54,832
Net increase (decrease) in cash and cash equivalents	939,699	214,363
Cash and cash equivalents at beginning of period	1,823,797	1,699,697
Cash and cash equivalents at end of period	2,763,497	1,914,060



(4) Notes to Consolidated Financial Statements  
(Segment Information)

Six months ended June 30, 2022

(Thousands of  
yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Enterprise DX Segment	Event DX Segment	Third Place DX Segment	Reportable segments		
Sales						
Revenues from external customers	2,258,418	2,862,687	1,489,373	6,610,479	—	6,610,479
Transactions with other segments	—	—	—	—	—	—
Net sales	2,258,418	2,862,687	1,489,373	6,610,479	—	6,610,479
Operating profit	377,480	370,193	272,661	1,020,335	△347,114	673,221

Notes:

1. The ¥347,114 thousand downward adjustment to segment income reflects corporate expenses not allocated to segments. Corporate expenses mainly include general administration costs of administrative departments.
2. Segment income (loss) has been adjusted for the operating income figure on the consolidated income statements.

Six months ended June 30, 2023

(Thousands of  
yen)

	Reportable segments				Reconciling items	Per quarterly consolidated financial statements
	Enterprise DX Segment	Event DX Segment	Third Place DX Segment	Reportable segments		
Sales						
Revenues from external customers	2,200,566	2,275,838	1,274,984	5,751,389	—	5,751,389
Transactions with other segments	—	—	—	—	—	—
Net sales	2,200,566	2,275,838	1,274,984	5,751,389	—	5,751,389
Operating profit	345,943	△261,036	398,726	483,633	△366,319	117,313

Notes:

1. The ¥366,319 thousand downward adjustment to segment income reflects corporate expenses not allocated to segments. Corporate expenses mainly include general administration costs of administrative departments.
2. Segment income (loss) has been adjusted for the operating income figure on the consolidated income statements.